

# **NATIONAL CREDIT UNION SHARE INSURANCE FUND**

*Your savings federally insured to \$100,000*

## **NCUA**

*National Credit Union Administration  
a U.S. Government Agency*

## **FINANCIAL HIGHLIGHTS MARCH 31, 2004**

**DENNIS WINANS  
CHIEF FINANCIAL OFFICER**

**NCUSIF FINANCIAL HIGHLIGHTS**  
**March 31, 2004**

**Balance Sheet:**

Investments: US Government Securities — decreased by \$20 million due primarily to the refund of \$46 million to credit unions, which declined in insured shares during the period of January 1, 2003 through December 31, 2003 (or July 31, 2003 – December 31, 2003 if a credit union has \$50 million or more in assets), offset by collection of one percent deposit adjustments due from credit unions.

Other Receivables: Due From Credit Unions — of \$96.0 million represents the amount of one percent deposit adjustments due from credit unions on April 16.

Interest Receivable — of \$57.9 million includes a combination of \$19.0 million in accrued interest earned by the NCUSIF in March, and payments of \$8.4 million received by the NCUSIF in March.

Prepaid & Deferred Charges — is \$.4 million for March. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. March's actual operating costs were \$7.1 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$79.9 million includes new reserves of \$.9 million that were added for March.

NCUSIF Equity — increased to 1.29% for March. The equity ratio is based upon an insured share base of \$478.5 billion for December 31, 2003.

**Statement of Revenue and Expense:**

Investment Income — is approximately \$1 million more than the previous month due to two more calendar days in March for which interest was accrued.

NCUSIF Total Operating Expense — of \$7.2 million includes \$94.9 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$ .9 million for March. This increase is for new reserves or reserve increases for specific problem credit unions.



TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS	MARCH 2003	FEBRUARY 2004	MARCH 2004
Investments:			
U.S. Government Securities	\$5,612,486,624.10	\$6,077,677,009.97	\$6,057,676,580.40
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	131,923,614.84	6,488.95	96,017,898.54
Loans due to NCUSIF	0.00	1,501,419.24	1,501,419.24
Recoveries from Liq. CU	13,932,807.42	12,030,492.07	12,682,045.91
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Total Other Receivables	145,856,422.26	13,538,400.26	110,201,363.69
Cash	5,486.54	4,918.80	5,870.97
Interest Receivable	61,810,970.75	47,429,268.10	57,929,464.47
Prepaid & Deferred Charges	(247,654.67)	1,482,832.42	429,491.42
Leased Assets	7,269.88	861,700.44	827,173.87
Other	28,638,234.48	26,263,326.79	26,151,482.00
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<b>TOTAL ASSETS</b>	<b>\$5,848,557,353.34</b>	<b>\$6,167,257,456.78</b>	<b>\$6,253,221,426.82</b>
	=====	=====	=====
<b>LIABILITIES</b>			
Accounts Payable:			
Liquidation Claims	\$5,805,117.12	\$7,755,903.08	\$8,446,155.16
Other	9,915.71	11,348.76	0.00
Check Clearing Accounts	151,989.27	2,694.47	397,214.03
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	5,967,022.10	7,769,946.31	8,843,369.19
Provision for CU Losses (Reserves)	54,626,425.32	78,327,441.14	79,879,095.18
Lease Liabilities	0.00	832,759.04	834,043.71
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<b>TOTAL LIABILITIES</b>	<b>\$60,593,447.42</b>	<b>\$86,930,146.49</b>	<b>\$89,556,508.08 1/</b>
<b>EQUITY</b>			
CU Contributed Capital	\$4,430,527,318.86	\$4,703,841,010.43	\$4,784,805,545.60
Retained Earnings	1,357,436,587.06	1,376,486,299.86	1,378,859,373.14
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<b>TOTAL EQUITY</b>	<b>\$5,787,963,905.92</b>	<b>\$6,080,327,310.29</b>	<b>\$6,163,664,918.74</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$5,848,557,353.34</b>	<b>\$6,167,257,456.78</b>	<b>\$6,253,221,426.82</b>
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS  
for Period Ending March 31, 2004

	MAR 03	FEB 04	MAR 04
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$611 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	95.96%	98.55%	96.87%
2. Total Equity/Insured Shares	1.31%	1.27%	1.29%
3. Prov. for Losses/CU Capital	1.23%	1.67%	1.67%
4. Non-Earning/Total Assets	3.55%	1.03%	2.71%
5. Available Asset Ratio	1.25%	1.26%	1.25%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE  
FOR THE PERIOD ENDING MARCH 31, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,367,903.41	\$10,500,000.00	\$30,130,837.63	\$31,500,000.00	\$44,322,007.02
Other Income	42,693.55	40,000.00	133,692.29	120,000.00	236,825.00
Total Income	10,410,596.96	10,540,000.00	30,264,529.92	31,620,000.00	44,558,832.02
<b>EXPENSE</b>					
Employee Pay	4,263,366.42	4,642,625.17	\$12,088,729.82	13,134,478.71	13,503,643.37
Employee Benefits	1,109,896.94	1,184,050.13	\$3,083,841.02	3,359,377.37	2,810,280.18
Employee Travel	536,653.68	672,360.07	\$1,019,793.09	2,017,080.23	1,060,072.05
Rent/Communications/Utilities	161,435.27	221,527.24	\$552,182.55	664,581.73	538,758.68
Administrative Costs	609,579.10	630,663.33	\$1,769,933.69	1,891,989.98	1,438,959.97
Contracted Services	389,577.17	407,798.61	\$536,032.91	1,223,395.82	359,422.21
Subtotal NCUA Operating Exp.	7,070,508.58	7,759,024.55	19,050,513.08	22,290,903.84	19,711,136.46
AMAC Expense	8,604.31	15,000.00	23,528.51	45,000.00	10,120.52
Training Expense	47,979.75	110,000.00	137,865.31	330,000.00	316,998.26
Leasing Expense	35,811.24	35,250.00	106,885.04	105,750.00	145,362.13
Other Insurance Expense	2,524.80	3,500.00	8,423.47	10,500.00	51,160.12
Total Operating Exp.	7,165,428.68	7,922,774.55	19,327,215.41	22,782,153.84	20,234,777.49
Insurance Loss	872,095.00	1,250,000.00	872,095.00	3,750,000.00	6,814,600.00
Total Expense	8,037,523.68	9,172,774.55	20,199,310.41	26,532,153.84	27,049,377.49
NET INCOME	\$2,373,073.28	\$1,367,225.45	\$10,065,219.51	\$5,087,846.16	\$17,509,454.53
Retained Earnings, Beginning of Year			<b>\$1,368,794,153.63</b>		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			10,065,219.51		17,509,454.53
Dividends			1,378,859,373.14		1,357,436,587.06
Retained Earnings, End of Year			<b>\$1,378,859,373.14</b>		<b>\$1,357,436,587.06</b>

Comparative Analysis of NCUSIF Ratios for March 31, 2004

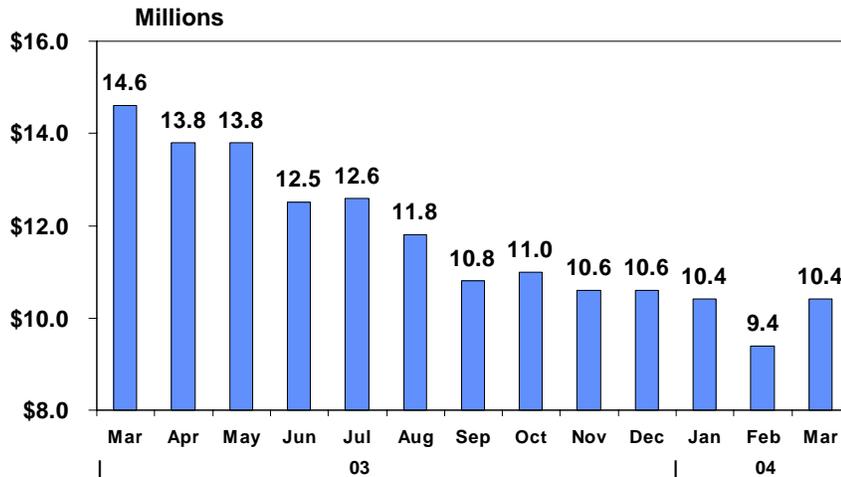
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	65.02%	68.83%	45.41%	63.86%
2. Ins. Loss/Total Income	0.00%	8.38%	15.29%	2.88%
3. Total Exp./Total Income	65.02%	77.21%	60.70%	66.74%
4. Net Income/Total Income	34.98%	22.79%	39.30%	33.26%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

**TABLE 3 - STATEMENT OF CASH FLOWS**  
**March 31, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$17,962,379.07
Other income received	343,692.29
Cash paid for operating expenses	(21,270,361.90)
Net cash (paid) received for insurance losses	<u>782,763.87</u>
Net cash provided by operating activities	(2,181,526.67)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	16,775,103.37
Collections on note receivable - National Credit Union Administration Operating Fund	<u>335,534.37</u>
Net cash provided by (used in) investing activities	17,110,637.74
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	(14,928,857.56)
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	(14,928,857.56)
NET INCREASE (DECREASE) IN CASH	253.51
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING March 31, 2004	<u><u>\$5,870.97</u></u>

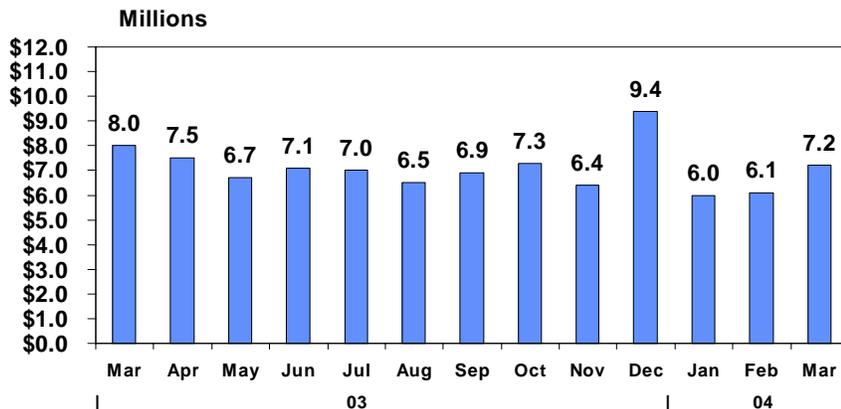
# GROSS INCOME

March 03 – March 04



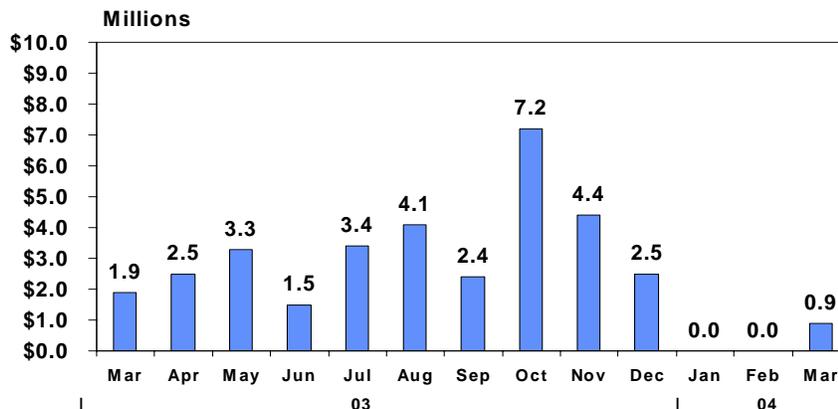
# OPERATING EXPENSE

March 03 – March 04



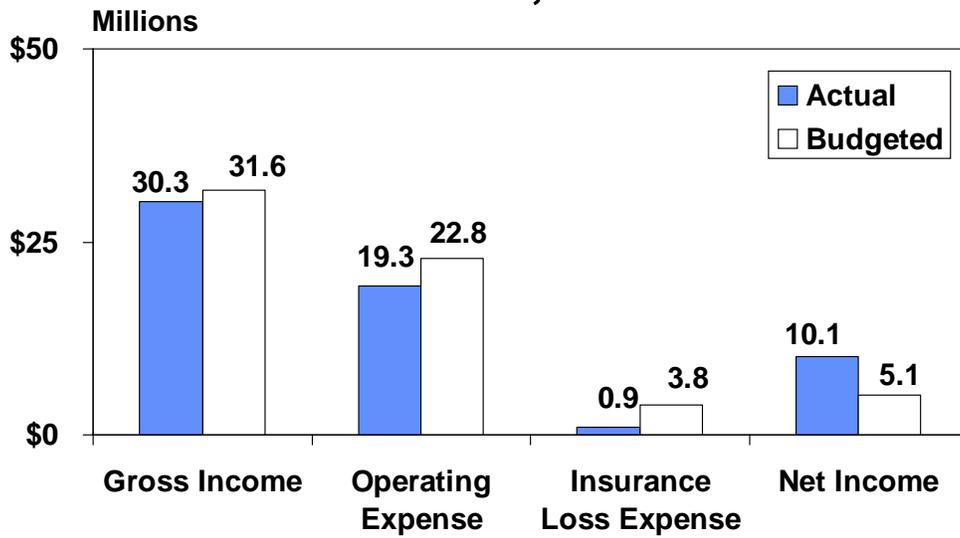
# INSURANCE LOSS EXPENSE

March 03 – March 04



# REVENUE AND EXPENSE

March 31, 2004



# NCUSIF EQUITY RATIO

March 31, 2004

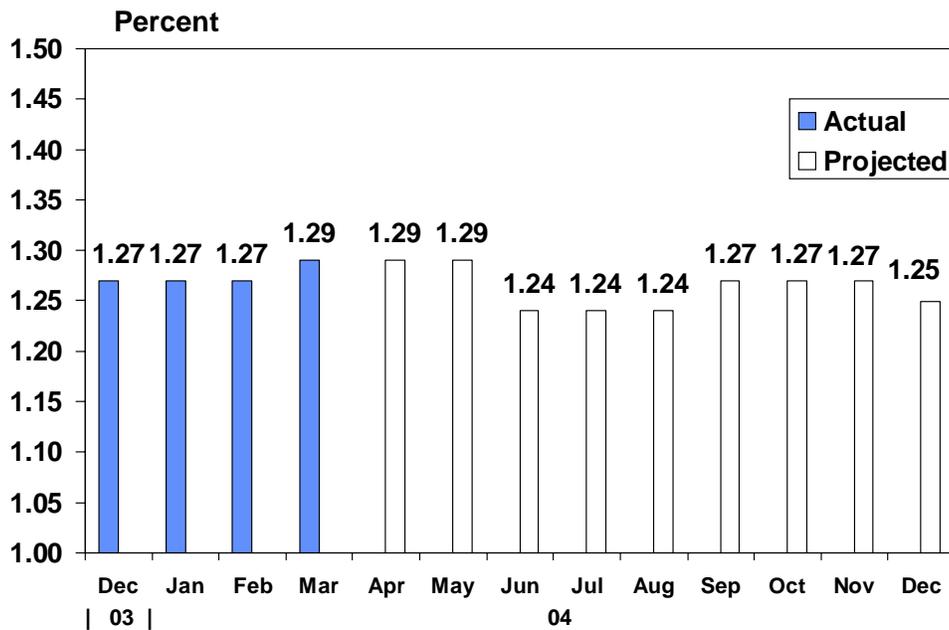


TABLE 4

**INVESTMENT PORTFOLIO SUMMARY**

**March 31, 2004**

<b>I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE</b>					
	<b>Book Value</b>	<b>Market Value</b>	<b>(Gain or Loss)</b>	<b>% Market to Book Value</b>	<b>Weighted Average Yield</b>
Daily Treasury Account	\$1,022,971,000	\$1,022,971,000	\$0	100.0%	1.03%
U.S. Treasury Notes	\$5,034,705,581	\$5,064,968,750	\$30,263,169	100.6%	2.14%
<b>TOTAL</b>	<b>\$6,057,676,581</b>	<b>\$6,087,939,750</b>	<b>\$30,263,169</b>	<b>100.5%</b>	<b>1.97%</b>

<b>II. INVESTMENT PORTFOLIO PERFORMANCE</b>				
	<b>Last Month</b>	<b>Current Month</b>	<b>CY To Date</b>	<b>CY04 Projections</b>
Investment Yield	1.93%	1.99%	1.97%	2.00%
Investment Income	\$9,433,851	\$10,367,903	\$30,130,838	126 Million
Income Budgeted	\$10,500,000	\$10,500,000	\$31,500,000	126 Million
Income/Budgeted Ratio	89.8%	98.7%	95.7%	100.00%
Avg. Maturity in Days	448	428	409	

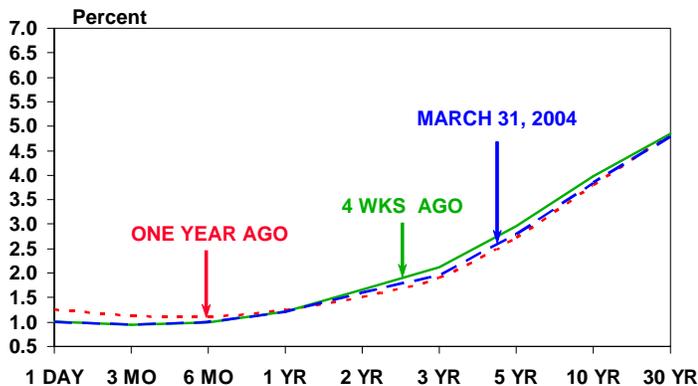
  

<b>III. MONTHLY ACTIVITY</b>				
<b>Purchase</b>	<b>Type</b>	<b>Amount</b>	<b>Maturity</b>	<b>Yield</b>
<b>TOTAL</b>		<b>\$0</b>		

<b>IV. MATURITY SCHEDULE (par value in millions)</b>	
3 months or less	1,523.0
3 months - 1 year	2,300.0
1 year - 2 years	1,300.0
2 years - 3 years	500.0
3 years - 4 years	300.0
<b>TOTAL</b>	<b>5,923.0</b>

**TREASURY YIELD CURVE**



**MATURITY SCHEDULE**

**March 31, 2004**

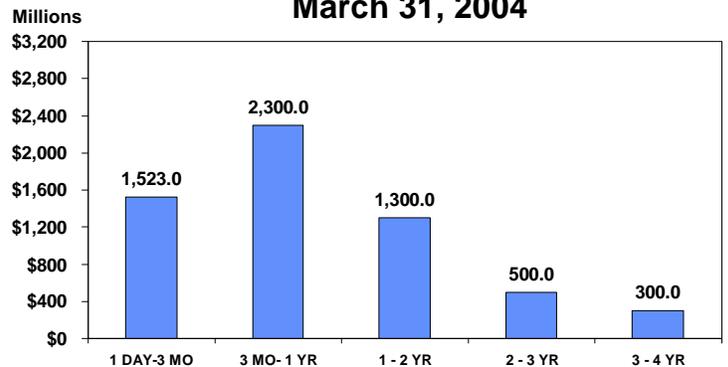


TABLE 5

**INTEREST RATE COMPARISONS**

**March 31, 2004**

INTEREST RATE COMPARISONS								
	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04
NCUSIF Yield	2.35%	2.21%	2.11%	2.08%	2.02%	1.98%	1.93%	1.99%
90 day T-Bill	0.96%	0.91%	0.95%	0.93%	0.93%	0.91%	0.94%	0.94%
1 year T-Bill	1.38%	1.15%	1.30%	1.38%	1.29%	1.27%	1.22%	1.20%
2 year T-Note	2.04%	1.47%	1.85%	2.07%	1.86%	1.82%	1.66%	1.59%
30 year T-Note	5.30%	4.88%	5.15%	5.14%	5.10%	4.97%	4.85%	4.79%

**INTEREST RATE COMPARISONS  
MARCH 31, 2004**

